

# F35: INTERVIEW TO LT. GEN. DOMENICO ESPOSITO, HEADS OF THE IAF'S PROCUREMENTS AT THE GENERAL DIRECTORATE FOR AIR ARMAMENTS.

EXTRACT IN ENGLISH

(TRANSLATION BY WWW.DEFENSE-AEROSPACE.COM COMMENTS OMITTED)

## **What is the cost to Italy, to date, of the F-35 program?**

*As of today, the cost of the program's development and production phases is of 14.3 billion euros (\$18.6 billion) spread over 15 years, including the 2 billion euros (\$2.5 billion) that have been spent to date.*

*In contrast to other large European cooperation programs, the F-35 program has very rigorous procedures for planning and controlling all cost factors, in full compliance with US acquisition regulations intended to avoid uncontrolled cost escalation and to ensure that programs remain financially sustainable.*

*I should also add that, of the total 14.3 billion euro cost, 7.5 billion would go to pay for the aircraft themselves, over the next 15 years.*

## **How much has Italy invested in the program?**

*While total development costs have risen, Italy's contribution to development remains the same as agreed in 2002 (\$1,028 million) as all of the cost rises have been paid by the United States. As a corollary, today Italy's share of development costs is closer to 3% than to the original 4%.*

## **How much does an F-35 cost?**

*The cost of an F-35 is constantly going down, and is due to attain its lowest value of 65 million euros in 2019 for the CTOL variant, and 83 million euros in 2021 for the STOVL version.*

## **How much will Italy pay for its F-35s?**

*The 60 planned CTOL aircraft that are planned will cost Italy an average of 74 million euros each, while the 30 planned STOVL variants will each cost 88 million euros.*

## **What are the consequences if Italy leaves the program?**

*Italy joined the program through inter-government agreements that do not include penalties for withdrawal, as is the case for contracts and other agreements with industry. Leaving the program would mean going back on our word, and would undermine the international credibility and reliability of our country.*

## **What can you tell us about Italian industrial participation in the F-35 program?**

*Although the agreement on Italian participation does not guarantee any industrial returns (it is not based on “work-share”), it does clearly call for a manufacturing “just return” (in terms of quantity and quality) as an essential condition of Italy’s participation.*

*To date, the level of Italian industrial returns is noteworthy, and coherent with the current low-rate initial production. Data shows that Italian firms have won about \$1 billion of orders, out of a total program-related turnover of \$14.7 billion (aircraft, engines, equipment and infrastructure). Today, this works out to about 76% of Italy’s estimated investment in the program.*

*Alenia Aermacchi is the Italian company most closely involved in the program, as it is the second source for wing production (now, it will make 800 wing-sets, compared to 1,200 when we were going to order 131 aircraft). The wing-set is no doubt the largest subcomponent, and comprises the port wing, the central wing box, and the starboard wing.*

*Italy will provide wing-sets for most of the export F-35s, and their manufacture will involve a national supply chain with assembly at the FACO in Cameri.*

*What can you tell us about the recent agreements on the wing, between Alenia Aermacchi and Lockheed Martin?*

*On February 26, 2013 Lockheed Martin and Alenia Aermacchi signed a Long-term agreement on the production of the first 130 wing boxes for aircraft of LRIP Lots 6 to 11, at a price of about \$1.2 billion. Furthermore, Lockheed Martin has already signed, and Alenia Aermacchi is preparing to sign, the first production contract, covering wingsets for Lots 6 and 7, at a cost of about \$141 million.*

## **What about the FACO?**

*The Italian Final Assembly and Check-Out (FACO) - a complex installation with about 20 buildings with a covered area of about 20,000 square meters out of a total of 500,000 square meters - is currently being completed, and will become operational less than 30 months after the first stone was laid.*

*This is much faster than was the case for previous programs, such as Eurofighter, which has eight separate FACO lines (four for airframes and four for engines) to assemble about 500 aircraft.*

*The Italian FACO is, for now, the only one outside the United States, and obtaining the right to set it up required complex negotiations between the two governments, given the number of state-of-the-art technologies in play, and their export to Italian territory, which requires precautions to ensure there is no unauthorized access or use outside the F-35 program.*

*Using state-of-the-art processes and unique in Europe, the FACO will begin functioning in July 2013, and is tooled to produce up to 2 aircraft per month; it will concentrate on the two variants being bought by Italy (CTOL and STOVL), which will be built to the same production standard as Lockheed Martin’s own FACO in Fort Worth, Texas.*

*The Cameri FACO comprises the wingset production line (up to 6 wings per month) which was started during the second half of 2012. The contract is worth €796.5 million (€414 million for Alenia Aermacchi’s share, €312.5 million for Lockheed Martin’s share and €70 million not attributed).*

*The FACO was designed so as to gradually transit from assembly to MRO&U (Maintenance, Repair, Overhaul and Update) for about 600 aircraft, including American aircraft they will fly in the Mediterranean area; this will guarantee sufficient work-load for the next 40 years.*

*This will allow amortization of the investments in the FACO, and will facilitate the transfer of technology to our national industry which will thus become a privileged partner of US industry over the aircraft's complete life-cycle.*

*A major aspect of the FACO is that, for that first time in an Italian military program, is both a unique facility instead of one of several as in previous military aviation programs. It also is a single, centralized facility that will support all aspects of the aircraft and its operations, while previous Italian programs had two or three facilities spread over the breadth of the country. Having all F-35 FACO and support activities take place within a single military base will generate substantial savings.*

*Finally, the Cameri FACO will assemble all Italian and Dutch F-35s, as well as for some future export orders, for a total estimated at over 200 aircraft. It also will support Norwegian F-35s, which will tighten infra-European cooperation and help reduce costs for all the partners. In fact, adding other F-35s operating in the European area, Cameri will end up supporting a fleet of about 600 F-35s belonging to several countries.*

*A recently-signed MoU between Italy and the Netherlands creates further synergies by having all Dutch F-35s assembled in Cameri, in exchange of which Italian F135 engines will be maintained in the Netherlands. This document is structured in such a way as to be extended to other European countries, and for example, Norway has already joined for logistic support activities.*

*It should be noted that, after the cut in the number of aircraft Italy plans to buy (from 131 to 90), these international agreements will allow Cameri to eventually employ well over 6,000 people.*